

## Message Text

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44

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 FEA-02 AID-20 CEQ-02 CIAE-00

COA-02 COME-00 DODE-00 EPA-04 INR-11 IO-14 L-03

NSF-04 NSC-07 NSAE-00 PM-07 RSC-01 SCI-06 SS-20 SP-03

H-03 PA-04 PRS-01 USIA-15 DRC-01 /153 W

----- 090542

R 160915Z AUG 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3905

INFO AMCONSUL BRISBANE

AMCONSUL PERTH

AMCONSUL MELBOURNE

AMCONSUL SYDNEY

LIMITED OFFICIAL USE CANBERRA 5405

E.O. 11652: N/A

TAGS: EMIN, EINV, ENRG, AS

SUBJ: EFFECT OF PMA BILL ON BAUXITE/ALUMINUM

REF: (A) STATE 176304 (B) CANBERRA 5167 (C) CANBERRA 5092

(D) CANBERRA 4902 (E) CANBERRA 4470

1. IN RESPONSE TO REF (A), EMBASSY DOES NOT EXPECT OFFICIAL ESTABLISHMENT OF PMA (WHICH HAS EXISTED AS SKELETON OFFICE FOR FOURTEEN MONTHS) BY AUG. 7 PASSAGE OF PMA BILL TO HAVE SIGNIFICANT IMPACT ON BAUSITE/ALUMINUM INDUSTRY, AT LEAST IN COMING YEAR OR SO. ALTHOUGH BILL CLEARLY GRANTS AUTHORITY RESPONSIBILITIES OVER MINERALS AS WELL AS PETROLEUM, MINISTER CONNOR'S IMMEDIATE OBJECTIVE IS TO USE PMA PRIMARILY AS VEHICLE FOR IMPLEMENTING GOA PETROLEUM POLICY. CONNOR IS MUCH MORE CONCERNED ABOUT LACK OF AUSTRALIAN EQUITY AND ABSENCE OF GOA PARTICIPATION IN ENERGY RESOURCES THAN IN MINERALS.

2. CONNOR INTENDS INITIALLY TO USE VAST NORTHWEST SHELF-OFFSHORE  
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PETROLEUM EXPLORATION LEASES, WHICH WILL BEGIN REVERTING TO GOA

LATER THIS YEAR, AS PMA'S CONTRIBUTION (VICE CAPITAL OR EXPERTISE) TO FORM JOINT VENTURES WITH LOCAL AND PROBABLY OVERSEAS FIRMS. THUS PMA EXPECTS TO GAIN EQUITY SHARE IN OFFSHORE PETROLEUM WITH MINIMAL CAPITAL CONTRIBUTION. SITUATION DIFFERENT REGARDING MINERALS, SINCE MAJOR PETROLEUM PROSPECTS ARE OFFSHORE WHILE OFF-SHORE MINERALS EXPLORATION STILL IN FAR DISTANT FUTURE. EXCEPT IN TWO FEDERAL TERRITORIES (ACT AND NT), GOA HAS NO ANALOGOUS NON-CASH ASSETS TO USE AS "ENTRY FEE" FOR JOINING MINERAL EXPLORATION JOINT VENTURES. MOREOVER, DURING CURRENT ANTI-INFLATION CAMPAIGN, GOA SEEMS UNLIKELY TO PROVIDE SUBSTANTIAL FUNDS FOR MINERALS EXPLORATION, WHICH PREVIOUSLY HAS BEEN FUNDED SOLELY BY PRIVATE COMPANIES. THIS SITUATION COULD CHANGE SHOULD SERIOUS ECONOMIC DOWNTURN OCCUR, CAUSING GOA TO ADOPT EXPANSIONARY BUDGET WITH NOTABLY INCREASED GOVERNMENT "PUMP PRIMING" EXPENDITURES.

3. FOR PRESENT, GOA DOES NOT NEED PMA TO IMPOSE ITS WILL ON BAUXITE/ALUMINUM COMPANIES. IT CAN THREATEN WITHHOLD EXPORT LICENSES TO PRESSURE MINERALS COMPANIES (E.G. IN PAST, COAL AND IRON ORE) TO MEET ITS AUSTRALIAN EQUITY, LOCAL PROCESSING, ENVIRONMENTAL PROTECTION, EXPORT PRICE AND OTHER OBJECTIVES. EXPORT CONTROL WAS, OF COURSE, LEVEL USED TO HOLD UP ALWEST PROJECT IN WA. THUS, EMBASSY DOES NOT ANTICIPATE SERIOUS IMPACT OF PMA ON BAUXITE/ALUMINUM COMPANIES, AT LEAST IN SHORT TERM. REFS (D) AND (E) REPORT ADDITIONAL EMBASSY COMMENTS ON ANTICIPATED DEVELOPMENTS REGARDING THIS INDUSTRY.

4. SITUATION STILL NOT CLEAR ON LEGAL CHALLENGES (REFS A AND B) TO PMA BILL. STATE OF VICTORIA, APPARENTLY SUPPORTED BY OTHER THREE NON-LABOR STATES (NSW, QLD AND WA), HAS OBTAINED HIGH COURT WRIT SEEKING TO HAVE BILL DECLARED INVALID. CASE STILL TO COME BEFORE COURT. VICTORIAN SOLICITOR GENERAL HAS DECLINED TO DISCUSS SUBSTANCE OF THIS CHALLENGE WITH CONGEN MELBOURNE BUT DID INDICATE ADJUDICATION WILL TAKE WEEKS OR EVEN MONTHS. LEGAL GROUNDS (WHETHER PROCEDURAL, SUBSTANTIVE OR BOTH) FOR CHALLENGE ARE NOT KNOWN. SHOULD BILL BE OVERTURNED BY HIGH COURT, GOA WOULD MOST LIKELY RESUBMIT IT IN REDRAFTED (AS NECESSARY) FORM. SINCE EMBASSY DOES NOT EXPECT PMA TO HAVE IMMEDIATE IMPACT ON BAUXITE/ALUMINUM INDUSTRY, WE DO NOT BELIEVE ENSUING UNCERTAINTY AND DELAY WILL MATERIALLY AFFECT THE INDUSTRY.

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5. EMBASSY POUCHING COPIES OF PMA BILL TO DEPT.  
HARROP

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
**Draft Date:** 16 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** CollinP0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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